

105TH CONGRESS  
1ST SESSION

# S. 75

To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 21, 1997

Mr. KYL (for himself, Mr. ABRAHAM, Mr. COATS, Mr. FAIRCLOTH, Mr. GRAMM, Mr. GRAMS, Mr. HELMS, Mr. HAGEL, Mr. HUTCHINSON, Mrs. HUTCHISON, Mr. INHOFE, Mr. SHELBY, Mr. SMITH of New Hampshire, and Mr. THURMOND) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To repeal the Federal estate and gift taxes and the tax on generation-skipping transfers.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Family Heritage Pres-  
5       ervation Act”.

6       **SEC. 2. FINDINGS.**

7       Congress finds that:

8               (1) Hard working American men and women  
9       spend a lifetime saving to provide for their children

1 and grandchildren, paying taxes all the while.  
2 Throughout their lives, they pay taxes on the income  
3 and gains from their labor and their investment. Be-  
4 cause of the heavy burden of income taxes, property  
5 taxes, and other levies, it is enormously difficult to  
6 accumulate savings for a family's future. Worst of  
7 all, when the purpose of that hard earned saving is  
8 about to be achieved, families discover that between  
9 37 percent and 55 percent of their after-tax savings  
10 is confiscated by the Federal estate taxes.

11 (2) These transfer, estate, and gift taxes punish  
12 lifelong habits of thrift; they discourage entrepre-  
13 neurship; they penalize families; and they have a  
14 negative effect on other tax revenue sources.

15 (3) These taxes raise almost no material reve-  
16 nue for the Federal Government. In fiscal year  
17 1996, they produced less than 1 percent of total  
18 Federal revenues.

19 (4) The waste and economic inefficiency caused  
20 by estate taxes is well known. American families em-  
21 ploy legions of tax accountants and lawyers each  
22 year to set up trusts and other prolix devices de-  
23 signed to avoid these onerous levies. The make-work  
24 imposed upon the economy comprises billions of dol-  
25 lars.

1           (5) In order to pay these excessive taxes, many  
2           small businesses must liquidate all or part of their  
3           assets. By causing business closures, these taxes  
4           constrict business activity, increase unemployment,  
5           and reduce tax revenues to the Federal Government.

6           (6) Independent analyses indicate that, were  
7           these onerous taxes repealed, the Nation's Gross Do-  
8           mestic Product, Federal and State tax revenues, em-  
9           ployment base, and capital formation would increase  
10          substantially. According to one such survey, repeal-  
11          ing these taxes will increase the Nation's economic  
12          output by \$77,000,000,000, create more than  
13          1,000,000 new jobs, and increase personal income by  
14          \$56,000,000,000 over the next 7 years.

15          (7) Repealing these taxes will ensure economic  
16          fairness for all American families and businesses, as  
17          well as economic growth and prosperity for the Na-  
18          tion as a whole.

19 **SEC. 3. REPEAL OF FEDERAL TRANSFER TAXES.**

20          (a) **GENERAL RULE.**—Subtitle B of the Internal Rev-  
21          enue Code of 1986 (relating to estate, gift, and genera-  
22          tion-skipping taxes) is hereby repealed.

23          (b) **EFFECTIVE DATE.**—The repeal made by sub-  
24          section (a) shall apply to the estates of decedents dying,

1 and gifts and generation-skipping transfers made, after  
2 the date of the enactment of this Act.

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